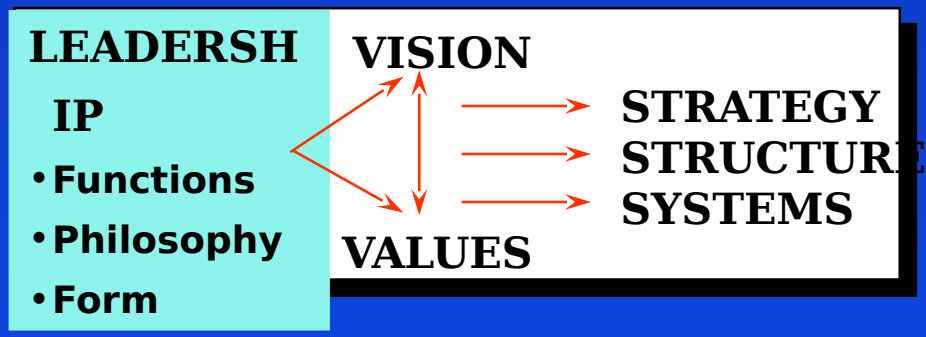
❖ **Commonwealth Center**
FOR HIGH-PERFORMANCE ORGANIZATIONS, INC.

# MODULE IV: LEADERSHIP PHILOSOPHY

## BUILDING HIGH-PERFORMANCE ORGANIZATIONS FOR THE TWENTY-FIRST CENTURY

cchpo@aol.com ❖ 804/978-1749
**John W. Pickering, Ph.D.**

# *Building High-Performance Organizations*

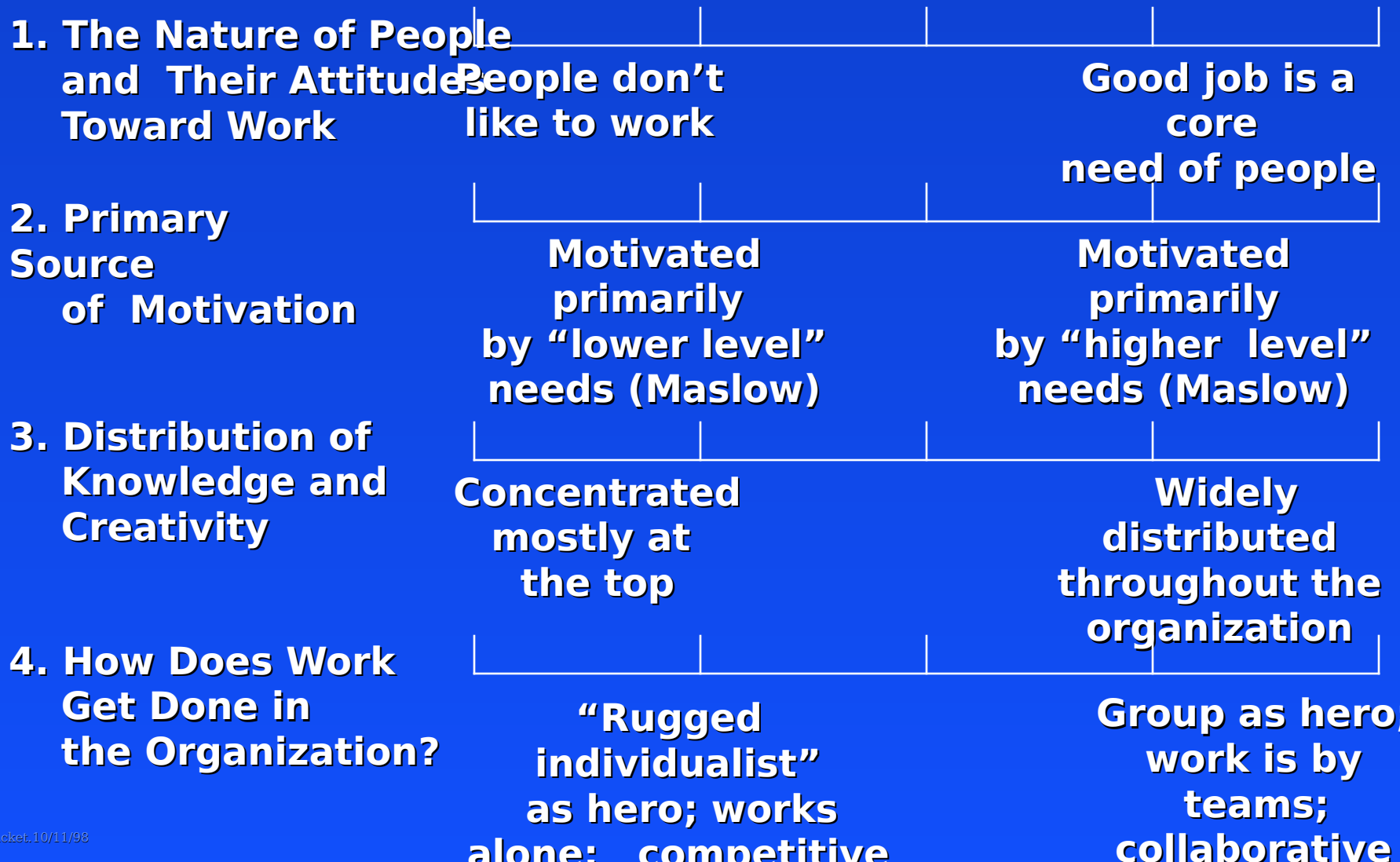



# LEADERSHIP

- Functions
- **Philosophy**
- Form

# LEADERSHIP PHILOSOPH

## Beliefs about the Nature and Motivation o


1. The Nature of People and Their Attitudes Toward Work
People don't like to work
Good job is a core need of people
2. Primary Source of Motivation
Motivated primarily by "lower level" needs (Maslow)
Motivated primarily by "higher level" needs (Maslow)
3. Distribution of Knowledge and Creativity
Concentrated mostly at the top
Widely distributed throughout the organization
4. How Does Work Get Done in the Organization?
"Rugged individualist" as hero; works alone; competitive
Group as hero; work is by teams; collaborative

# LEADERSHIP PHILOSOPH

## Beliefs about the Nature and Motivation o

5. Douglas McGregor, The Human Side of Enterprise, 1960

6. Rensis Likert, The Human Organization, 1967

7. Peter Block, The Empowered Manager, 1991

# McGREGOR'S THEORY X vs. THEORY Y

## Theory X

- Work is inherently distasteful to most people
- Most people are not ambitious, have little desire for responsibility, and prefer to be directed
- Most people have little capacity for creativity in solving organizational problems
- Motivation occurs only at the physiological and safety levels (Maslow's "Hierarchy of Needs")
- Most people must be closely controlled and often coerced to achieve organizational objectives

## Theory Y

- Work is as natural as play, if the conditions are favorable
- Self-control is often indispensable in achieving organizational goals
- The capacity of creativity in solving organizational problems is widely distributed in the population
- Motivation occurs at the social, esteem, and self-actualization levels, as well as physiological and security levels
- People can be self-directed and creative at work if properly motivated

Adapted from Douglas McGregor, The Human Side of Enterprise (NY: McGraw-Hill, 1960)

# BLOCK'S "BUREARCRATIC vs ENTREPRENEURAL CYCLES"

## BUREAUCRATIC CYCLE

- THE PATRIARCHAL CONTRACT REQUIRES:
  - submittal to a higher authority; the "top" knows best; management is autocratic, centralized control; hierarchical; values clear lines of authority
  - denial of self-expression; be careful, safe
  - personal sacrifice for unnamed future rewards
  - believing the contract is "just" or seen as "disloyal"
- MYOPIC SELF-INTEREST
  - success is defined as obtaining personal rewards -- e.g., advancement, gaining more formal authority, tangible rewards, and "corporate jewelry"
- MANIPULATIVE TACTICS
  - autocratic culture and personal ambition support behaviors which are personally strategic, cautious, and indirect -- i.e., manipulative; based on controlling people without their knowing it; "playing the game"
- DEPENDENCY
  - we feel our survival is in the hands of someone else, but our survival depends on

## ENTREPRENEURIAL CYCLE

- THE ENTREPRENEURAL CONTRACT SEES:
  - authority as coming from within each person; individuals are responsible for their own actions and for the success of the organization; management focuses the organization on its purpose and helps create the needed culture and structure
  - self-expression is necessary to free people's energy, excitement, passion, and motivation
  - commitment to the commonly held vision and values forms the basis for responsible individual action
  - people committing to the organization because they want to, not because they have to
- ENLIGHTENED SELF-INTEREST
  - success is defined as making a contribution, doing something important, serving internal partners and external customers, acting with integrity; personal rewards are of secondary importance
- AUTHENTIC TACTICS
  - behavior is direct and honest; information and control are shared; people know where they stand
- AUTONOMY

Adapted from Peter Block, The Empowered Manager (San Francisco: Josey-Bass, 1991), pp. 21-23

# LIKERT'S ORGANIZATIONAL "SYSTEMS"*

| | SYSTEM 1 (Exploitative Autocratic) | SYSTEM 2 (Benevolent Autocratic) | SYSTEM 3 (Consultative) | SYSTEM 4 (Participative) | SYSTEM "Zero"** (Laissez Faire) |
|---|---|---|---|---|---|
| COMMUNI-CATION | Down Only | Mostly Down | Up and Down | Up, Down, and Sideways | Mixed (but mostly within technical areas) |
| GOALS SET | Top Down | Top Down | At Top, with Consultation | Group Participation | Mixed (sometimes not set at all) |
| TEAMWORK | None | Little | Some | Much | Mixed (but mostly on technical issues) |
| EMPLOYEE MOTIVATION | Security Money | Status | Growth Recognition | Identity Achievement Influence | Higher Level (comes from outside organization) |
| EMPLOYEE ATTITUDES | Hostile | Mixed (toward negative) | Mixed (toward) positive | Favorable | Mixed (positive toward job but not org.) |
| OUTPUT | Mediocre | Fair to Good | Good to Excellent | Excellent | Mixed (poor to good) |

* Adapted from Rensis Likert, The Human Organization, (New York: McGraw-Hill, 1967)

** Adapted from Marvin Weisbord, "Why Organizational Development Hasn't

# Building High-Performance Organizations

# LIKERT'S FOUR LEADERSHIP PHILOSOPHIES*

## SYSTEM 1 (Exploitative Autocratic)

- People are seen as basically lazy, selfish, dishonest, and inept; they will not work unless constantly threatened and closely supervised; workers are exploited and have little recourse.
- People are motivated by the fear of the loss of job, pay, or dignity; they will be terminated or punished if they do not comply with management's directions; "it's my way (the bosses) or the highway."
- Knowledge, ability, and creativity are seen as concentrated in management; workers are seen as largely incompetent; as a result, there is no need for management to consult, because labor has nothing useful to say.
- To best control labor, work is divided into small ("dumber and dumber") pieces; there is a supervisor for every 6-8 workers, a manager for each 6-8 supervisors to tightly control, direct, and punish; results in a steep, high hierarchy.
- This is a "master/slave" style; it is clear that the worker is not important to the organization; "if you don't like this deal, there's a bus leaving 5 minutes"; its only positive aspect is that it is honest about not

## SYSTEM 2 (Benevolent Autocratic)

- Not much shift from S1; people are still seen as self-centered and in need of close supervision; because management wants to prevent costly turnover, however, policies are more benevolent.
- In addition to fear/punishment, status is added as a motivator; if workers are mindlessly loyal and compliant, they are rewarded with the illusion of advancement; S2 organizations usually have many status layers with each layer having many pay "steps."
- Knowledge, ability, and creativity are still seen as concentrated in management; some confidence is shown in the technical ability of workers; but organizational decisions are still made without consultation.
- Work is still broken into pieces with management responsible for the integration of work; "critical parent--child" relationship between management and labor (and between each layer in the steep hierarchy).
- This style, while more benevolent, is manipulative; "masters" treat the "servants" better because "good help is hard

## SYSTEM 3 (Consultative)

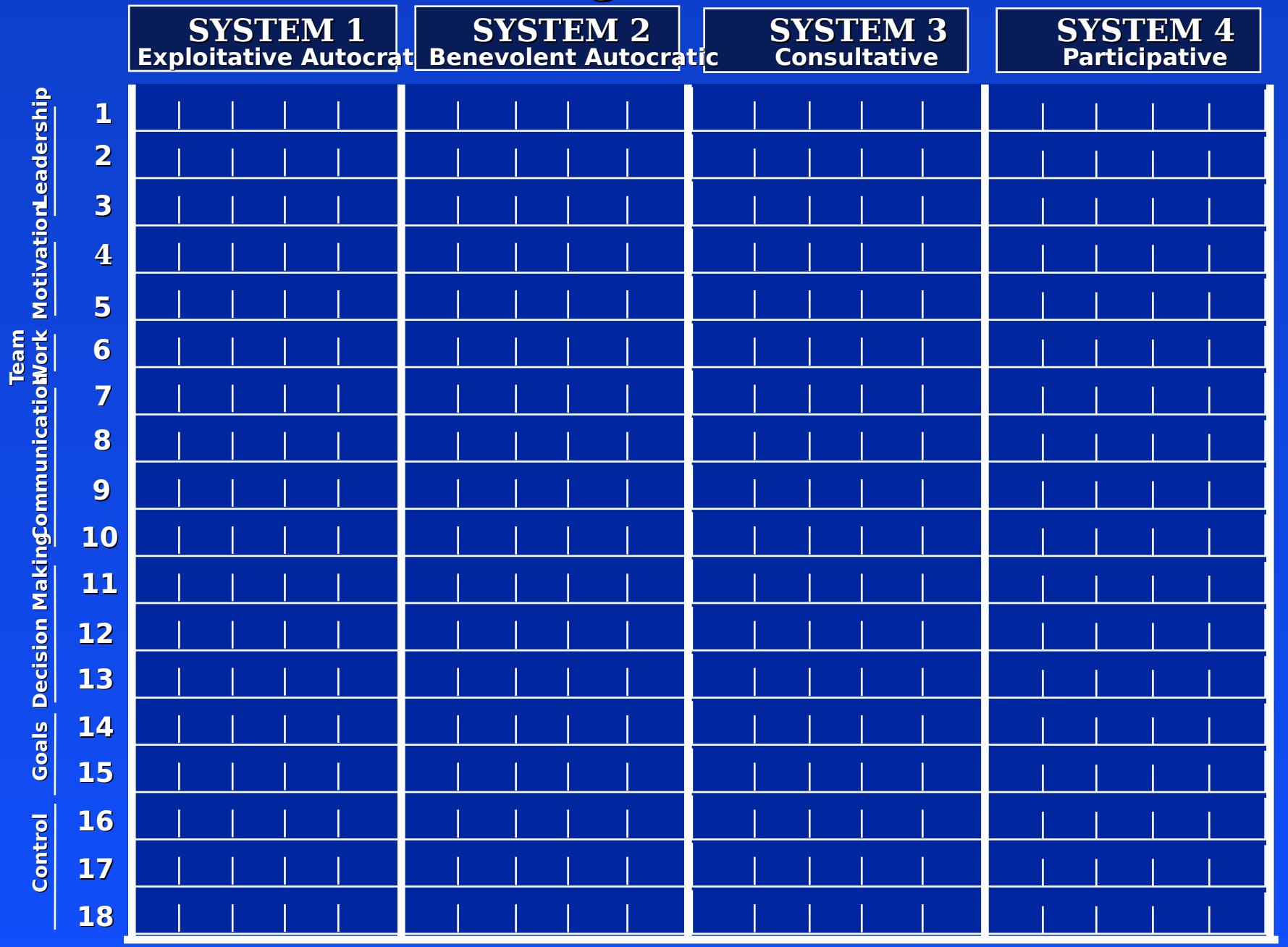
- A major shift from S1/S2; people are seen as wanting--even needing-- to do a good job; if they know what needs doing and have the skills, they will do a good job without very much external control or direction.
- Once the basic "hygiene" factors (pay, benefits, working conditions, safety, etc.) are taken care of in a "fair" way, then motivation is seen as coming from within the work; it must provide challenge, growth, recognition, and a sense of contribution.
- Knowledge, ability, and creativity are seen as widely distributed; management does not know all the answers (or even all the questions); it needs help if the best decisions for the customer and the organization are to be found; consultation is the norm; less hierarchy is needed.
- Work is seen as complex processes involving networks or employees working together to reach goals; management's responsibility is to create a culture (values, strategies, structures, and systems) that allow for maximum consultation.
- This style is "adult-adult" in relationship; management is still accountable, but it recognizes that it must consult widely if good decisions are to be made,

## SYSTEM 4 (Participative)

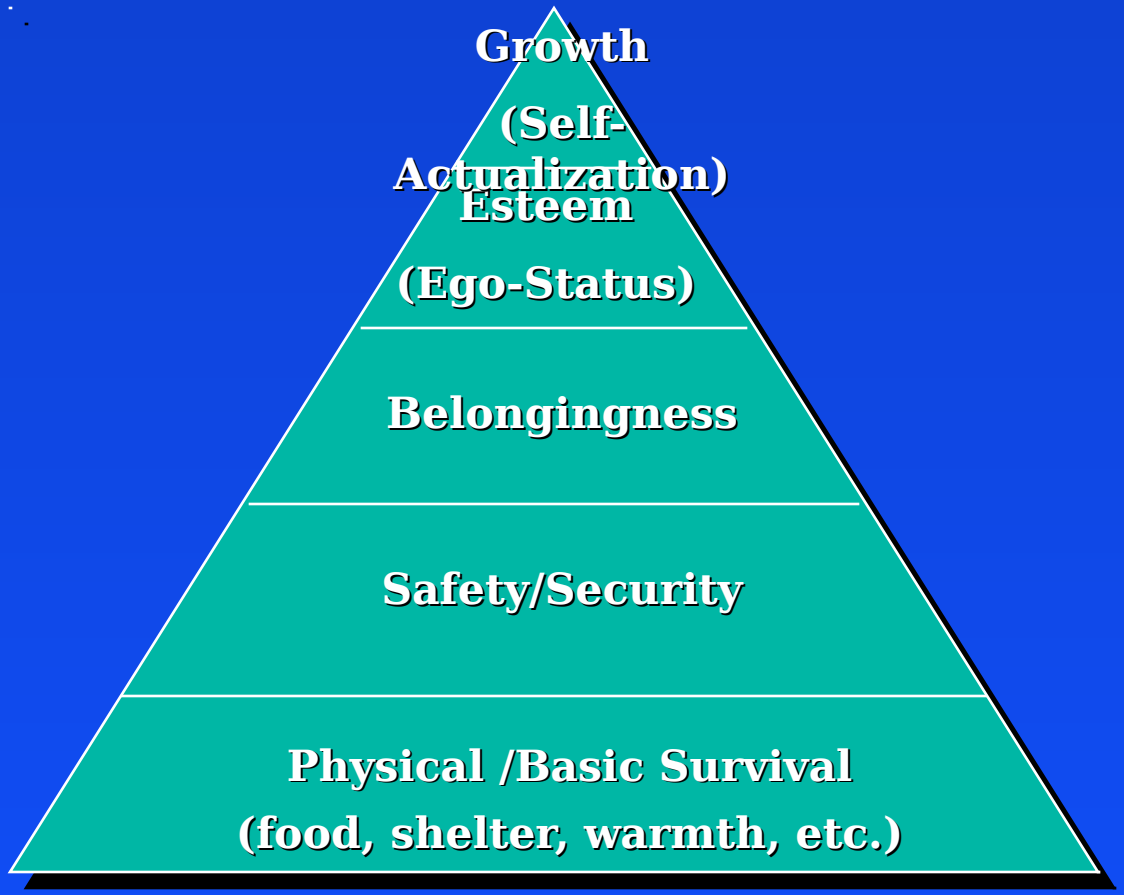
- Very similar to S3; people are seen as wanting--even needing-- to do a good job; if they know what needs doing and have the skills, they will do a good job without very much external control or direction.
- Once the basic "hygiene" factors (pay, benefits, working conditions, safety, etc.) are taken care of in a "fair" way, then motivation is seen as coming from within the work; it must provide challenge, growth, recognition, and a sense of contribution.
- People are seen as being so capable that many responsibilities seen in past as being solely the work of managers can be transferred to self-directed work teams who perform these leadership /management functions as a natural part of getting the technical/task work done.
- Work is seen as complex processes involving collectives of employees working together to reach goals; teams are responsible for task/technical, managerial, and leadership functions.
- This style is "adult-adult" in relationship; management (and team leaders with delegated responsibility) is still accountable but recognizes it must play a stewardship role in

*Adapted from Rensis Likert, The Human Organization (New York: McGraw-Hill, 1967)

# Likert's Profile of Organizational Characteristics



# MASLOW'S "HIERARCHY OF NEEDS"*




Adapted from A. H. Maslow, Motivation and Personality (NY: Harper & Row, 1954)

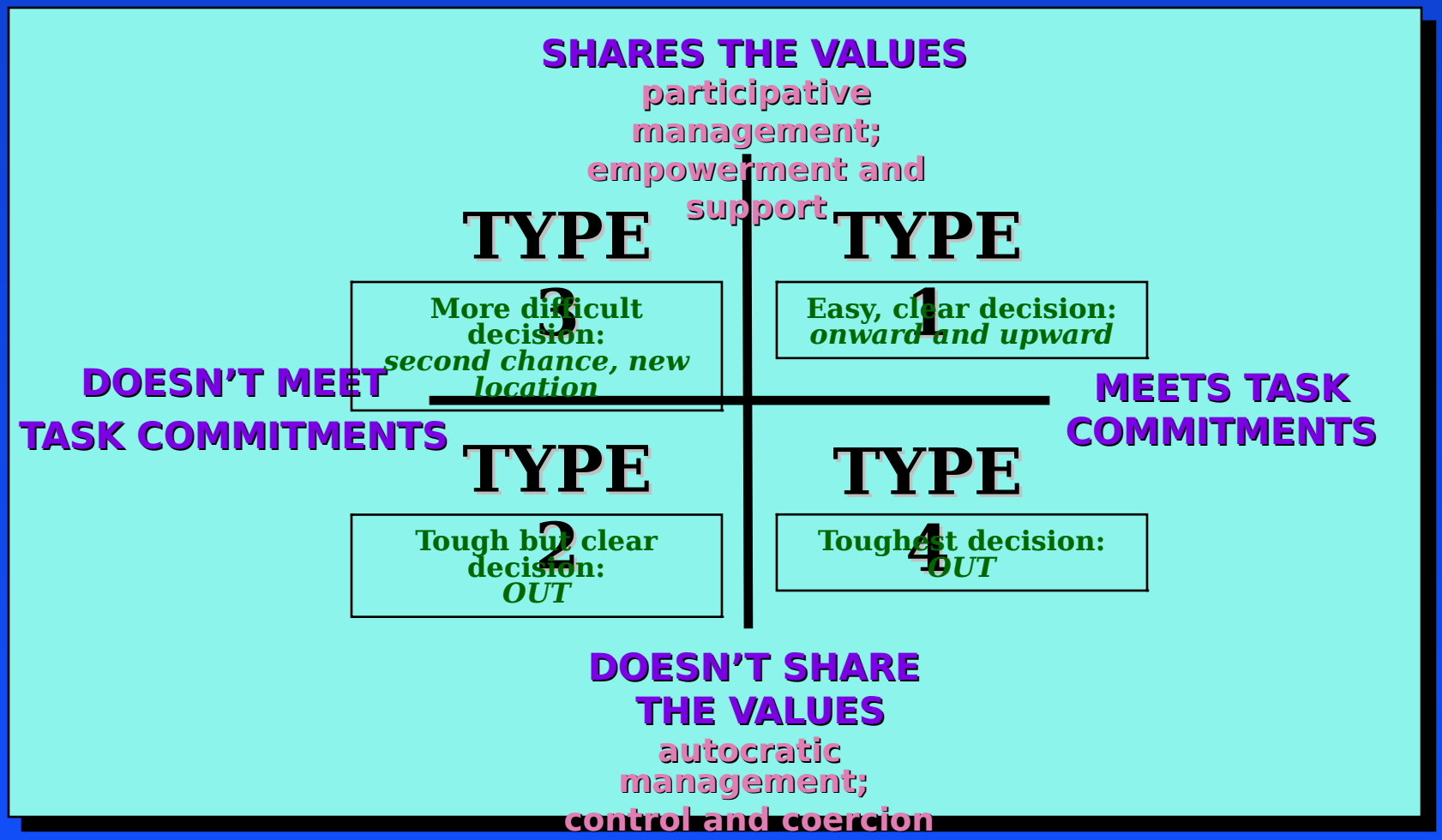
# MOTIVATION: MASLOW, HERTZBERG, AND EMERY

| | MASLOW (motives/needs) | HERTZBERG (goals/incentives) | EMERY (job design) |
|---|---|---|---|
| **MOTIVATORS** (Factors associated with job satisfaction and motivation) | ▪ Growth (Self-Actualization)<br>▪ Esteem (Ego-Status) | ▪ Interesting, Challenging Work<br>▪ Responsibility<br>▪ Achievement<br>▪ Recognition<br>▪ Professional Growth<br>▪ Advancement to Higher-Level Tasks | ▪ Variety and Challenge<br>▪ Elbow Room for Decision-Making<br>▪ Feedback and Learning<br>▪ Mutual Support and Respect<br>▪ View of the Whole<br>▪ Room to Grow |
| **HYGIENE FACTORS** (Adequate levels of these factors can prevent dissatis-faction but are not themselves "motivators") | ▪ Belongingness<br>▪ Safety/Security<br>▪ Physical (Basic Survival -- e.g., food, shelter, warmth, etc.) | ▪ Salary and Benefits<br>▪ Sense of Security<br>▪ Interpersonal Relationships<br>▪ Status<br>▪ Working Conditions<br>▪ Quality of Supervision<br>▪ Organization Policies and Fair Administra-tion | ▪ Fair and Adequate Pay<br>▪ Job Security<br>▪ Benefits<br>▪ Safety<br>▪ Health<br>▪ Due Process |

Adapted from A. H. Maslow, Motivation and Personality (NY: Harper & Row, 1954); F. Hertzberg, et.al., Motivation to Work (NY:John Wiley, 1959); and F. Emery, Report on the Hunsfoss Project (London: Tavistock, 1964)

# LEADERSHIP PHILOSOPH

## FOUR TYPES OF MANAGERS ACCORDING TO GE'S JACK WELCH




Adapted from Jack Welch's "Letter to Stockholders," GE Annual Report, January 1991

# LEADERSHIP PHILOSOPH

## THE NATURE OF PEOPLE